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Metals Outlook: Price Forecasts for Copper, Steel and Aluminum

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Prices of industrial metals like copper, steel and aluminum remain highly responsive to incremental signals from geopolitical activity, manufacturing demand and policy-driven shifts. Here are the latest developments to watch and the outlook for aluminum, steel and copper prices going forward.

Geopolitical conflict in the Middle East and the closure of the Strait of Hormuz drove up prices on copper earlier this year. The Middle East is a major supplier of sulfur and sulfuric acid, which are used for copper leaching. That pressure helped push copper to an all-time high of $14,527 per metric ton (mt) in mid-year.

Copper price forecasts

Gregory Shearer, head of Base and Precious Metals Strategy at J.P. Morgan, believes that the medium-term environment for copper remains supportive, even at such elevated prices. “Continued tight mine supply, ongoing weak production and structurally supported demand trends around electrification tied to data center capex have not changed, even with the threat of Fed hikes later this year.”

Shearer added an additional catalyst to the list, one that may well drive the price of copper higher going forward.

“In our view, a material component of the rally in copper over the last six months is an embedded tariff uncertainty, which has created a tug of war between the U.S. and China for copper units,” said Shearer. “Globally, the refined copper market is pretty well supplied. But China, who is net-short and still needs to import copper, is being challenged by the flow of copper going into the United States, which has raised China’s buying floor.”

The market is in wait-and-see mode as the Trump Administration decides what to do about copper as part of its review of Section 232 duties, which affect imports that the Department of Commerce determines threaten U.S. national security. Escalation in policy would create an incentive to import copper into the U.S. before any tariffs come into force, which would be bullish for prices.

“We’re still waiting for any sort of announcement,” added Shearer. “Ultimately, we see this tug of war continuing, and we do think this is going to be quite meaningful for price formation over the balance of 2026.”

When conflict broke out in the Middle East earlier this year, two of the largest aluminum smelters in the world, Emirates Global Aluminum's Al Taweelah and Aluminum Bahrain, were forced to shut down. The two facilities account for more than 6% of global aluminum supply.

While the facilities have since reportedly gone back online, aluminum exports through the Strait of Hormuz have faced continual disruptions as the conflict has flared up and abated, with negotiations ongoing and a signed deal still out of reach.

In the meantime, after prices have waned somewhat over the summer, the aluminum market faces such a serious and potentially lasting deficit this year that either escalation or de-escalation of the conflict could drive prices higher.

“Re-escalation and limited flow through the Strait risks even greater damage to aluminum smelting infrastructure and further alumina-driven closures,” said Shearer. “On the other hand, a more clear-cut and lasting de-escalation is likely to be supportive too, as it would work to more fully remove the tail risks to the macro-economy and underlying demand, but still leave an aluminum market facing a significant hit to supply over the balance of the year.”

The price of aluminum has been forecasted to reach $3,800 per metric ton in the third quarter of 2026, and $3,700 in the fourth quarter, with the price slowly falling to $2,750 in the fourth quarter of 2027.

Aluminium price forecasts

There is also a possible 1.7 million metric ton (mmt) primary aluminum deficit forecast in 2026, an “invisible” deficit that is slowly working its way through the system, driven by China’s self-imposed 45 mmt capacity cap.

“Given the magnitude of the supply shortage facing the market, the ex-China market needs China to continue to backfill for lost Middle East tons via boosted levels of aluminum product exports,” said Shearer. “While we see Chinese supply pushing above 45 mmt on maximized efficiency gains at some smelters, we do think ongoing inspections and greater scrutiny of key industrial energy use and emissions will likely act as a brake, preventing supply from significantly blowing past the capacity cap.”

Alternatively, Chinese export controls may add further fuel to the bullish price run. “While China has comfortable aluminum stock coverage for now, if our fundamental view eventuates, Chinese inventory will begin to continue to draw over the coming months, primarily due to significantly boosted exports to the rest of the world,” Shearer said.

In that scenario, Chinese policymakers could move to curtail aluminum exports, either through enacting additional export tariffs on aluminum products, or outright limiting or restricting exports. “If this risk were to come to fruition, London Metal Exchange (LME) aluminum prices would likely have significant upside, even above our bullish price forecast over the balance of 2026,” said Shearer.

As with copper and aluminum, global conflict is shaping the price of steel, which trades differently than the other two metals as a manufactured product rather than a raw element. Currently, steel’s index price is approximately $1,186 per metric ton on the Hot-Rolled Coil (HRC) global benchmark.

In addition to the closure of the Strait of Hormuz, the Houthis’ blockade of the Red Sea has triggered freight volatility for the raw materials needed to make steel, including iron ore.

On the other hand, steelmakers have successfully lobbied to exempt steelmaking materials from Section 301 tariffs, which are tariffs by the U.S. government against foreign nations engaging in unfair trade practices, intellectual property theft or failure to stop goods made with forced labor. This exemption may help keep costs stable and avoid price spikes.

In fact, tariffs are seen as supportive of the price of steel, both in the U.S. and in the EU, where a tariff-rate quote (TRQ) system recently went into place. The TRQ sets a hard annual cap of 18.3 million tons of foreign steel allowed to enter the EU market duty-free. Any steel imported above this threshold faces a 50% tariff. The TRQ is viewed as supportive of elevated steel prices, as it is intended to prevent a flood of cheap steel from driving prices down.

In China, demand for steel has been weak, driven by the country’s prolonged property downturn. Steel mill margins were reported as negative in June and July, and have fallen since May due to lower prices and higher coking coal costs that spiked after a deadly coal mine accident in May.

All in all, the price of steel remains highly region-dependent, with trade protection measures and supply disruptions serving as key determinants going forward.

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